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HOUSE OF REPRESENTATIVES  
STATE OF MICHIGAN  
**HOWARD C. WALKER**  
104TH DISTRICT  
**Farmland Preservation HB 4257**  
5-3-05

**APPROPRIATIONS**  
**SUBCOMMITTEES:**  
DEPARTMENT OF  
NATURAL RESOURCES, CHAIR  
AGRICULTURE, VICE-CHAIR  
STATE POLICE/MILITARY AND  
VETERANS AFFAIRS, VICE-CHAIR

1. Fixed Contract Period: P.A. 116 model, 20 year time period, minimum 10 year renew.
2. Flat Tax on per acres basis of \$5 per acre for areas that qualify (see #3)
3. Financial Contribution
  - PA 116 Income Tax Return type system.
    - i. Farmer pays property taxes to locals and State, then claims a credit and/or gets reimbursed by the state for property taxes paid above the flat rate.
4. Local Participation/Decision Making
  - Dept of Ag has oversight and authority
  - Any Agriculture property located in a local jurisdiction which participates in a comprehensive land use plan is eligible to participate in the program.
  - (Language taken from the Agriculture Preservation Fund Standards, Guidelines, and Application Process guide.)
5. Early Withdrawal Option – Early Buy Out
  - a. Option to Buy Out remaining years:
    - i. Year 10 buy out for 7% True Cash Value
    - ii. Year 15 buy out for 5% True Cash Value
    - iii. 90 day window to exercise early out option
    - iv. Buy out \$ goes to State PDR program (Ag Preservation Fund), for PDR in jurisdiction where conversion occurred.
6. Effective Date
  - a. 1/1/06 for state and local fiscal reasons
7. Minimum Lot Size Surrounding Homestead:
  - a. Homestead (Principle Residence MCL 211.7cc) or anything that could classify as homestead and surrounding property up to minimum lot size per zoning excluded from the definition of farmland.
9. End of Contract Period
  - a. PA 116 model, End of term, repay last 10 years benefit gained plus 6% SIMPLE interest
  - b. (Directed into the AG Preservation Fund)
  - c. Renew for 10 years, claim no credit, and have no payback burden.
10. Disclosure language: Owner of the property at the time of Early Withdrawal option or at the end of Contract is obligated to pay any recaptured monies.

**Supported By:** MI Farm Bureau, MI Chamber, MI Twps Assoc., MI Assoc. of Counties, MI Home Builders Assoc., MI Assoc. of Realtors, MI Land Use Institute.



7373 West Saginaw Highway, Box 30960, Lansing, Michigan 48909-8460  
Phone (517) 323-7000

March 24, 2005

Representative David Palsrok  
Natural Resources, Great Lakes, Land Use and Environment Committee  
P.O. Box 30014  
Lansing, MI 48909

Dear Representative Palsrok:

House Bill 4257, introduced by Representative Howard Walker, is scheduled before your committee on Thursday, March 24. The bill would provide additional options for owners of farmland to commit the land base to agriculture in exchange for reduced property tax liability. Currently P.A. 116 of 1974, the Farmland and Open Space Preservation Act, is protecting over 40% of Michigan's farmland and H.B. 4257 would provide an additional option that expands on this successful program.

This new option would require a minimum of 20 years initial enrollment versus the 10-year enrollment previously provided in P.A. 116. In exchange for this additional commitment, a farmer would receive a net property tax rate on farmland of \$5 per acre. We believe this option would benefit some landowners not currently enrolled in P.A. 116 and also attract smaller acreage and specialty farms often located near population centers.

Another key element of H.B. 4257 is that in order to be eligible, the local unit of government must have a comprehensive land use plan that provides for preserving farmland. It is critical that the local community show a commitment to agriculture prior to a landowner entering a 20-year contract that commits the land to agriculture use.

We support H.B. 4257 and welcome any questions you may have.

Sincerely,

A handwritten signature in cursive script that reads 'Robert S. Anderson'.

Robert S. Anderson  
Legislative Counsel



## MEMORANDUM

To: House Committee on Natural Resources, Great Lakes, Land Use, and Environment

From: Doug Roberts, Jr., Director of Environmental and Regulatory Affairs

Subject: House Bills 4257 – Agricultural Production Districts

Date: 3/23/2005

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The purpose of this memo is to inform you of the Michigan Chamber of Commerce's **support** of **House Bill 4257**. This legislation, sponsored by Representative Walker, provides property tax relief for farmland located within an agricultural production district.

**Michigan Chamber Board Policy:** The Michigan Chamber Board of Directors approved policy calling for land use reforms in Michigan. In approving this policy, the Chamber Board of Directors acknowledged that land use reforms are needed to protect our land-based industries and enhance the quality of life in order to attract the best employees and employers to Michigan.

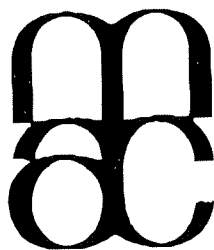
Specifically, Chamber policy supports efforts to lower property taxes on farmland. Lowering taxes on farmland would help to enhance the competitiveness of Michigan's business climate. Michigan has one of the highest property tax rates on farmland in the nation.

**Land Use Leadership Report:** House Bill 4257 is consistent with the recommendations of the Land Use Leadership Council. In August of 2003, the Michigan Land Use Leadership Council provided over 150 recommendations on ways to improve land use in Michigan. Many of these recommendations were controversial, and numerous objections were filed by council members. But there was unanimous support in the need to create Agricultural Production Areas (Districts).

**Tax Relief -** Michigan farmers face some of the highest property tax rates in the nation. Michigan is one of the few states that does not allow for use value assessment. Instead, we tax at highest and best use. House Bill 4257 would provide much needed property tax relief on farmland within an agricultural district. The Michigan Chamber believes the best way to protect farmland is to make farming more profitable. Lowering tax rates would help improve the chances for profitability.

**Recapture Fees -** House Bill 4257 requires upon termination of the 20 year contract that 10 years of benefits plus 6% interest be paid back. This language is consistent with Public Act 116 of 1974, the Farmland and Open Space Preservation Act, an act approved by former Governor Milliken (Co-Chair of the Land Use Leadership Council). Over the 30 year history of the PA 116 program, this recapture penalty has proven to be effective. The Michigan Chamber supports the language in House Bill 4257. The Chamber would oppose efforts to further increase this penalty.

The Michigan Chamber would like to applaud Representative Walker for bringing this important piece of legislation forward and would like to ask for your **support** of House Bill 4257. If you have any questions, please feel free to contact me at (517) 371-2100.



**MICHIGAN  
ASSOCIATION  
OF COUNTIES**

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Lansing, MI 48906  
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www.micounties.org

TIMOTHY K. McGUIRE, Executive Director

March 23, 2005

The Honorable Representative Howard Walker  
S 1388 House Office Building  
P.O. Box 30014  
Lansing, MI 48909

Dear Representative Walker:

Thank you for the opportunity to participate in your workgroup on HB 4257, legislation which creates an agricultural preservation program. As you know, this bill caused us some difficulty as introduced. Since that time, however, and through the workgroup process, many of our concerns have been worked out.

With local units of government having a voice in the creation of comprehensive land use plans we feel this is not only gives counties flexibility, but also a tool which to implement smart land use decisions.

One of our concerns with your legislation was that it originally provided a property tax break to farm buildings. Our major concern was that it could have cost the counties considerable revenue from Confined Animal Feeding Operations (CAFOs). However, since the provision which had given tax breaks to farm buildings was removed, MAC stands ready to support this legislation.

We very much appreciate your willingness to work with us to address our concerns. If you have any questions on this or any other legislation, please feel free to contact me at 372-5374.

Sincerely,

Tom Hickson  
Director of Legislative Affairs



**Douglas R. Luciani**  
President

March 23, 2005

The Honorable David Palsrok, Chairman  
Natural Resources, Great Lakes, Land Use & Environment Committee  
State Capitol  
P.O. Box 30014  
Lansing, MI 48909-7514

RE: House Bill 4257

Dear Representative Palsrok:

It is important to the Traverse City Area Chamber of Commerce to preserve our region's farmlands while managing growth and land development in positive and progressive ways. As you may know, one of the Chamber's committees, New Designs for Growth, has been instrumental in developing and promoting the use of a planning guidebook that respects economic growth, while supporting tools and design features that maintain and conserve our natural beauty and landscapes.

We need legislative tools to help our farmers stay in the business of farming. One such tool is House Bill 4257, introduced by our local Representative, Howard Walker. This bill would allow farmers, on a voluntary basis, to sign a long term contract (20 years) that would reduce his/her property taxes if he/she agrees to keep the land as an active farm. We think this is a good idea. It reduces the economic pressure to sell the farm to developers, especially during tough years when crop harvests may be down.

The Traverse City Area Chamber requests your help in passage of this bill out of the Natural Resources, Great Lakes, Land Use & Environment Committee. This is an idea that deserves to be reviewed and discussed by all House members, as one tool that may preserve our farmlands and help keep them financially solvent.

Sincerely,

Douglas Luciani, President and CEO  
Traverse City Area Chamber of Commerce

cc: Representative Howard Walker